2022 Annual REPORT

GBCCU Ltd
GRAND BAY CO-OPERATIVE CREDIT UNION LIMITED
Community Focused, Financially Responsible

TRANSFORMING OBSTACLES INTO OPPORTUNITIES

Credit Union Prayer

Lord, make me an instrument of thy peace
Where there is hatred, let me sow love;
Where there is injury, Pardon
Where there is doubt, Faith
Where there is despair, Hope,
Where there is darkness, light,
And where there is sadness, Joy

O Divine Master,
Grant that I may not so much seek
To be consoled, as to console
To be understood as to understand,
To be loved as to love.
For it is in giving that we receive,
It is in pardoning that we are pardoned
And it is in dying
That we are born to eternal life.

Prayer By St. Francis Assissi

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Parliamentary Rules
Standing Order

1. (a) A member should stand when addressing the Chair.

   Speeches to be clear and relevant to the subject before the meeting.

2. A member shall address the meeting, when called upon by the Chairman to do so, after which he shall immediately take his seat.

   No member shall address the meeting except through the Chairman.

3. A member may not speak twice on the same subject except:

   (a) The mover of a motion – has the right of reply.

   (b) He rises to object or to explain (with the permission of the Chair).

4. The mover of the "Procedural Motion" (Adjournment, lay on the table, motion to postpone) shall have no right of reply.

5. No speeches to be made after the "Question" has been put and carried or negated.

6. A member rising on a "Point of Order" to state the point clearly and concisely, (A "Point of Order" must have relevance to the "Standing Order").

   (a) A member shall not "call" another member to order" but may draw the attention of the Chair to a "breach of Order".

   (b) In no event can a member call the Chair to order.

7. A "Question" shall not be put to the vote if a Member desires to speak on it or move an amendment to it, except that of a "Procedural Motion: The Previous Question", "Proceed to the Next Business" or the closure: "that the question be "Now Put" may be moved at any time.

8. Only one amendment should be made before the Meeting at one and the same time.

9. When a motion is withdrawn, any amendment to it fails.

10. The Chairman shall have the right to a "Casting Vote"

11. If there is equality of voting on an amendment, and if the Chairman does not exercise his casting vote, the amendment is lost.

12. Provision to be made for protection by the Chairman from vilification (personal abuse).

13. No Member shall impute improper motives against another member.

Credit Union
Co-operative Principles

1 Voluntary Membership

Credit Unions are voluntary cooperative organizations, offering services to people willing to accept the responsibilities and benefits of membership, without gender, social, political or religious discrimination. Credit Unions operate as not-for-profit institutions with volunteer Board of directors and Committees.

2 Democratic Member Control

Cooperatives are democratic organizations owned and controlled by their members – one member, one vote – with equal opportunity for participation in setting policies and making decisions.

3 Members' Economic Participation

Members are the owners. As such, they contribute to and democratically control the capital of the cooperative. This benefits members in proportion to their transactions with the cooperative, rather than on the capital invested. For Credit Unions, which typically offer better rates, fees and service than for-profit financial institutions, members recognize benefits in proportion to the extent of their financial transactions and general usage.

4 Autonomy and Independence

Cooperatives are autonomous, self-help organizations controlled by their members. If the cooperative enters into agreements with other organizations or raises capital from external sources, it does so based on terms that ensure democratic control by its members and maintains the cooperative autonomy.

5 Education, Training & Information

Cooperatives provide education and training for members, elected representatives, managers and employees so they can contribute effectively to the development of the cooperative. Credit Unions place particular importance on educational opportunities for their volunteer directors and financial education for their members and the public, especially the nation's youth. Credit Unions also recognize the importance of ensuring the general public and policy makers are informed about the nature, structure and benefits of cooperatives.

6 Cooperation Among Cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, state, regional, national and international structures.

7 Concern for Community

While focusing on member needs, cooperatives work for the sustainable development of communities including people of modest means, through policies developed and accepted by the members.

Notice to Attend

38th ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 38th ANNUAL GENERAL MEETING OF THE GRAND BAY CO-OPERATIVE CREDIT UNION LIMITED WILL BE HELD AT THE PIERRE CHARLES SECONDARY SCHOOL IN GRAND BAY, ON SUNDAY JULY 30, 2023 AT 3:00 P.M. UNDER THE THEME

"Transforming Obstacles into Opportunies"

AGENDA

1. Ascertainment of quorum
2. Call to order
3. Opening Prayer followed by Credit Union Prayer
4. Apologies for absence
5. Opening/Welcome remarks
   Remarks Grand Bay Credit Union COLTS
   Remarks James Alexander Scout Troop
6. Keynote Speaker
7. Reading and Confirmation of minutes of the 37th Annual General Meeting
8. Matters arising from the minutes
9. **Reports from:**
   Board of Directors
   Auditor and Treasurer
   Credit Committee
   Supervisory and Compliance Committee
10. **New business**
    Dividend for 2022
    Open forum
    Appointment of auditor
11. **Election of officers – Nominations Committee Report**
    Board of Directors
    Credit Committee
    Supervisory Committee
12. Awards and Prizes
13. Vote of Thanks
14. Adjournment

Signed

Natasha Registe (Ms.)
Secretary
For and on behalf of the Board of Directors

Members of the Board of Directors

Mrs. Erma C. Lee	President
Mrs. Shakina Dorival	Vice President
Ms. Natasha Registe	Secretary
Mrs. Lilian Alexander-Williams	Treasurer
Mr. Julius D. Athanaze	Asst. Secretary/Treasurer
Mr. Ernie Boland	Member
Mr. Bonti Liverpool	Member
Ms. Naomi Matthew	Member
Mr. Crispin Jules	Member

What the Board of Directors is All About

Purpose
Subject to the provisions of the Act and the Regulations, the general direction, control, and management of the Credit Union shall be entrusted to the Board.

Composition
The Board shall be elected at the Annual General Meeting and shall consist of no more than thirteen (13) members, in keeping with the provisions of the Act, none of whom shall be an employee of the Society or a financial institution or entity offering similar line of services. Our Credit Union elects nine (9) Board members.

Roles and Responsibilities
- To establish the basic mission, objectives, and broad policies of the Credit Union.
- To determine the financial structure of the Credit Union.
- To ensure the safety of members' assets.
- To determine from time to time the maximum amount to be advanced on loans with or without security and to determine the interest rates on loans.
- To select, employ, and, if necessary, dismiss the Manager and other members of the Management team.
- To determine the rate of interest on deposits, to recommend amendments to the by-laws, to recommend dividends.
- To employ, set levels of compensation and prescribe the duties of employees as may be necessary.
- To maintain good public and member relations.
- To make, ratify and implement policies for the efficient functioning of the Society.
- To ensure that Directors conduct themselves in the best interest of the Credit Union.
- To report to members on the affairs of the Credit Union.

Qualifications
A member who:
- Is over 18 years old and not a paid employee of the Credit Union.
- Is not a dormant member and utilizes the services of the Credit Union regularly.
- Repays loans promptly and is not delinquent.
- Is willing to volunteer time and expertise for the normal tasks to be conducted.
- Is prepared to work harmoniously in groups.
- Has some understanding of financial reports and is prepared to deepen that understanding.
- Is able to keep confidential information obtained by virtue of his/her office.
- Other requirements set out by the Cooperative Societies Act 2 of 2011

REPORT OF THE BOARD OF DIRECTORS

TO THE 38th ANNUAL GENERAL MEETING
FOR THE YEAR ENDED DECEMBER 31, 2022

Theme: Transforming Obstacles into Opportunities

Board of Directors

Ms. Erma Connie Lee	President
Mrs. Shakina Dorivial	Vice President
Ms. Natasha Registe	Secretary
Mrs. Lilian Alexander-Williams	Treasurer
Mr. Julius Daniel Athanaze	Asst. Secretary/ Treasurer
Mr. Bonti Liverpool	Member
Mr. Ernie Boland	Member
Mr. Crispin Jules	Member
Ms. Naomi Matthew	Member

Welcome

Dear members, on behalf of the Board of Directors, I welcome you to the 38th Annual General Meeting of the Grand Bay Co-operative Credit Union Ltd. I am pleased to present the Annual Report for the year ended December 31, 2022.

During the year under review, the Board of Directors initiated measures to improve the structure of the Credit Union. The Board of Directors also began the process of improving the policies and procedures of the Credit Union and investing in its human capital, among other things. These measures were necessary to ensure that the Credit Union is able to function effectively withing the changing economic, social and political landscape under which it currently operates.

This year's meeting is being held under the theme "Transforming Obstacles into Opportunities". Whatever obstacles may come our way, we aim at transforming them into opportunities for the benefit of you, the members. The Board of Directors expresses sincere gratitude to you the members for your continued support and patronage throughout the year. It is with renewed appreciation for your commitment to your Credit Union that the Board have dedicated their time and service towards charting a new direction forward and making this Credit Union your one stop for all your financial needs. On behalf of the Board of Directors I urge you to continue to support your Credit Union; the Credit Union cannot move forward with you.

The Board of Directors is committed to adopting the best practices and standards of procedures in ensuring that the Grand Bay Cooperative Credit Union is governed in a manner that fosters the integrity of the Credit Union. The Board remains committed to the guiding principles that are outlined in the by-laws, thereby ensuring responsible, ethical, and democratic governance of the Credit Union.

Operational Highlights

The Grand Bay Cooperative Credit Union has remained consistent in the pursuit of improving its financial stability and capitalization. During the year, there was a $6,357,596 (17.55%) increase in assets. Income increased by $277,012 (11.91%). Although there was an increase in the provision for bad loans of $200,940, the net surplus increased by $110,177 (30.11%) up from $365,796 in 2021 to $$475,973 in 2022.

Share capital continues to increase by exceptional amounts. Share capital increased in 2022 by $84,140 (10.35%) and is now at $896,952. Our institutional capital (total equity / total assets) is now at 10.37% while our net institutional capital (shares + statutory reserves + retained earnings / total assets) is at 6.17%.

During the year under review, the Credit Union was able to launch its online platform as well as a second location at Bellevue Chopin where members can transact business.

Elected Officers

At the 37th Annual General Meeting, we welcomed a new member to the Board of Directors, Mr. Brian Darroux who replaced Mr. Carlton Henry on the hardworking team of nine volunteers spearheading the governance of the Credit Union. Mr. Darroux unfortunately had an unexpected event immediately after being elected and could not serve as a director. Ms. Naomi Matthew was therefore co-opted to take on the role.

Meetings

The Board of Directors held eight (8) regular meetings, during the year both face-to-face and virtual. In addition to these regular meetings, there were several special meetings held specifically to address matters that were too lengthy to discuss at regular meetings and to review policies and procedures. Emergency meetings were also held when the need arose to handle pertinent matters including loan review.

Table 1- Board of Directors Attendance Record

Board of Directors	Position	Meetings Called	Attended	Excused
Mrs. Erma Connie Lee	President	8	8	0
Mrs. Shakina Dorival	Vice President	8	8	0
Ms. Natasha Registe	Secretary	8	7	0
Mrs. Lilian Alexander-Williams	Treasurer	8	8	0
Mr. Julius D. Athanaze	Asst. Sec./ Treas.	8	6	2
Mr. Crispin Jules	Member	3	2	1
Mr. Bonti Liverpool	Member	8	5	3
Mr. Ernie Boland	Member	8	4	4
Ms. Naomi Matthew	Member	5	5	0
Mr. Carlton Henry	Member	2	2	0

The Way Forward

Strategic Plan

The Board of Directors is pleased to report that during the year, a strategic plan was developed for the Credit Union. Some key elements of the plan included the creation of more marketing collateral such as voice, video, and print ads to enhance the brand of the Credit Union and to really put the products and services out there. The website was redone, and the Facebook page was also enhanced to promote the Credit Union services. The plan also looked at enhancing delinquency management through various means and the development of additional productive loan products. The Board also looked at the marketing of what makes our Credit Union unique within the social, economic, and technological environment in which we currently operate. Finally, the plan looked at enhanced training and development of staff and increasing efficiency in the workplace.

The Credit Union's Vision

Our Vision Statement

To BE THE PREMIER FINANCIAL INSTITUTION IN THE SOUTH OF THE ISLAND

The Credit Union's Mission

"To provide effective financial and other related services to the Grand Bay community and its environs by mobilizing savings and providing credit in the form of productive and provident loans at a competitive rate of interest."

Action Plan

The core objective of the action plan was to strengthen and upgrade the functional efficiency of the Credit Union, thereby increasing its relevance and importance to the membership with the main outcome being general growth.

Some of the focus areas within the action plan included:

- General administration enhancement
- Loan growth and loan administration enhancement
- Membership growth
- Shares growth
- Management information system upgrade

Marketing/ Advertising

The advertising and promotion expenses for the year amounted to $118,909, an increase of $22,623 when compared to the previous year. However, the increases were necessary in order to facilitate the Credit Union's marketing and rebranding strategies. Additionally, some of the advertising efforts were focused on ensuring that the Credit Union was able to reach new markets, thereby being able to attract new members and services.

Additionally, some of the Credit Union's marketing initiatives, such as the PRASH Loan and the extension of the limit of our open-ended loan were tailored at improving our products and services. Accordingly, the outcome of these marketing initiatives for the year under review have resulted in an increase in membership from 4,286 in 2021 to 4,455 in 2022. In addition to the new members, 106 non-members opened accounts. The non-member accounts included clubs, groups, businesses, and children's accounts. A total of 275 new accounts were opened during the year.

The Board has recognized the need to further develop its products and services to suit the growing needs of our members as the environment in which we operate is changing. We are therefore committed to the marketing efforts and pledge to develop more provident and productive loans in the coming year.

Services Offered

Some of the services offered by the Credit Union include:

- Share Accounts
- Utility Bill Payments
- Regular Savings Accounts
- Western Union Services
- Deposit Accounts
- Cuna Insurance
- Chequing Accounts
- Interest Statement
- Fixed/Term Deposit Accounts
- Embassy Statements
- MRA Accounts
- Direct Deposits
- Kiddie's Club Accounts
- Standing Orders
- Loans
- Payroll Processing
- Online Services

Negotiations took place during the period under review for the issuance of debit/credit cards to members, but this venture was put on hold due to the exorbitant cost vis a vie the size of our membership.

A contract was signed with Olympia for the installation of and operation of an ATM machine to replace the National Bank of Dominica ATM machine that was located at the Credit Union prior to Hurricane Maria. The new ATM machine was installed during the year under review, but unfortunately at the close of the financial year, the machine had not been programmed and operational.

A Point-of-Sale machine was sourced from the National Bank of Dominica (NBD) that was able to provide cash advances to members in the absence of the ATM machine. This machine, however, went bad and could not be repaired or replaced by NBD.

Staff of the Grand Bay Cooperative Credit Union Ltd

Staff Listing

General Manager	Mrs. Elsa Pacquette
Branch Supervisor	Mrs. Jemma Charles
Accounting Officer	Mr. Anthony Thomas
Loans Officer (Senior)	Mrs. Seraphin Joseph
Loans Officer (Junior)	Mrs. Asha Benjamin
Executive Assistant	Ms. Neithel Matthew
Loans Recovery Officer	Ms. Esther Jones
Marketing Officer	Ms. Dian Francis
Administrative Assistant	Ms. Khadell Toussaint
Member Service Rep.	Mr. Desron Grell
Member Service Rep.	Ms. Trisha Laurent
Member Service Rep.	Ms. Nekesha Charles
Office Attendant/Messenger	Ms. Catherine Charles
Office Attendant	Ms. Annette Sorhaindo

The Credit Union also employs a full-time compliance officer and a part-time IT Consultant. Interviews were held in December 2022 for the hiring of an IT Specialist who will join the team in the new year. Two members of staff operate at the Bellevue location and the other twelve are stationed at Grand Bay. The Board of Directors take this opportunity to thank management and staff for all their hard work in running the day-to-day affairs of the Credit Union. All that was achieved for the year can be attributed to your hard work and dedication.

The Board of Directors also take this opportunity to thank our IT Consultant Mr. Kelvin Henderson for his long hours and unwavering commitment to ensuring that all technical aspects of the Credit Union's operations run smoothly.

Membership

As mentioned earlier, membership grew from four thousand two hundred and eighty-six (4,286) members in 2021 to four thousand four hundred and fifty-five (4,455) members in 2022, reflecting an increase of one hundred and sixty-nine (169) new members or 3.94%. This can be compared to the increase of 123 new members in 2021.

In total, two hundred and seventy-five (275) people opened new accounts with the Credit Union during the year compared to two hundred and thirteen (213) in 2021.

The number of accounts held by the Credit Union at the end of the year stood at 9,262. Out of this total, nine hundred and seventy-one (971) accounts were marked for deletion and 2,240 were dormant. The Board of Directors would like to take this opportunity to encourage members to come to the office to update their accounts. Your accounts must be updated to apply for online access; the account must be updated to receive the new printed passbooks; the account must be updated to do any transactions involving foreign currency; and it must be updated for compliance purposes.

As mentioned before, updating of passbooks, and updating of accounts are two separate things. Please take note, if you are out of state, the forms can be emailed to you along with the instructions for updating your account. Notarized copies can be emailed to gbccu@cwdom.dm and the originals sent via postal mail or courier.

Financial Performance

Income

Income generated through interest on loans and other investments amounted to $2,603,654 compared to $2,326,642 in 2021, an increase of $277,012 of 11.91%. Interest income formed 97.04% of total income in 2022 and 95.7% of total income in 2021. Table 2 and Figure 1 depicts the growth in income over the past five years.

Expenditure

Expenditure for 2022 amounted to $2,127,681. This represents an increase of $166,835 8.50% when compared to the figure of $1,960,846 in 2021. This increase in was mainly due to the increase in provision for bad and doubtful loans, the increase in electricity from operating two locations, the increase in advertising and promotion brought on by the rebranding and launching of new products and also the increase in personnel expense due to gratuity payments to three employees.

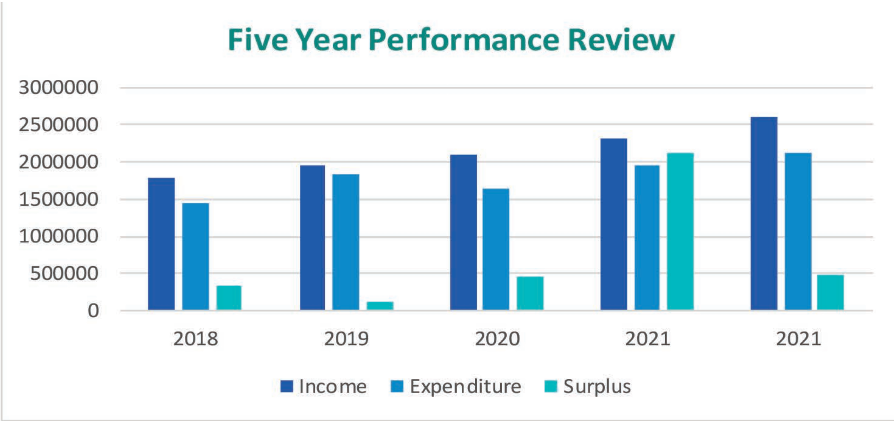
Surplus

The surplus for 2022 was $475,973. This represents an increase in the amount of $110,178 over last year, which was $365,795. The additional provisioning for bad and doubtful loans of #200,940 took a large bite of the surplus this year. Had members been paying their loans as stipulated we would have recorded a surplus of $675,913.

Table 2 - Five Year Review of Financial Performance

	2018	2019	2020	2021	2022
Income	$1,777,000	$1,962,769	$2,112,000	$2,326,642	$2,603,654
Expenditure	$1,436,271	$1,834,024	$1,645,771	$1,960,846	$2,127,681
Surplus	$ 340,729	$ 128,744	$ 466,229	$ 365,795	$ 475,973

Figure 1 – Five Year Performance Review



Financial Position (Review of Assets, Loans, Deposits and Shares)

Assets

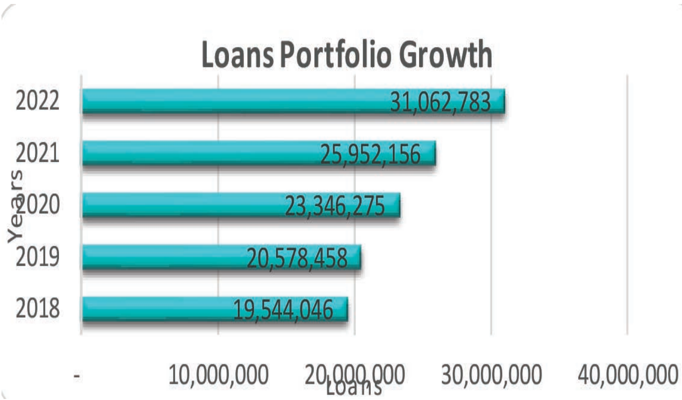
Total assets increased from $36,207,866 in 2021 to $42,565,465 in 2022. This represents an increase of $6,357,599 (17.56%) over the period. Members' loan accounts formed 72.97% of total assets.

Loans

Members' loans increased from $25,952,156 in 2021 to $31,062,783 in 2022. The loan portfolio increased by $5,110,627 or 19.69%. A total of nine hundred and seventy-five (975) loans were granted during the year amounting to $11,084,555. In comparison, 921 loans were granted in 2021 valued at $13,177,351.

It is observed that the number of loans granted increased, but the value of loans granted decreased. Many of the loans granted were small in value so though the traction was greater, the overall result was less. We should note also that during the year the PRASH loan was introduced, and it goes up to a maximum of $50,000 and the limit of the open-ended loan was increased towards the end of the year from $30,000 to $40,000. Another effect on the value of loans granted is the reduction in the interest rate on mortgages by other financial institutions which our Credit Union was unable to compete with.

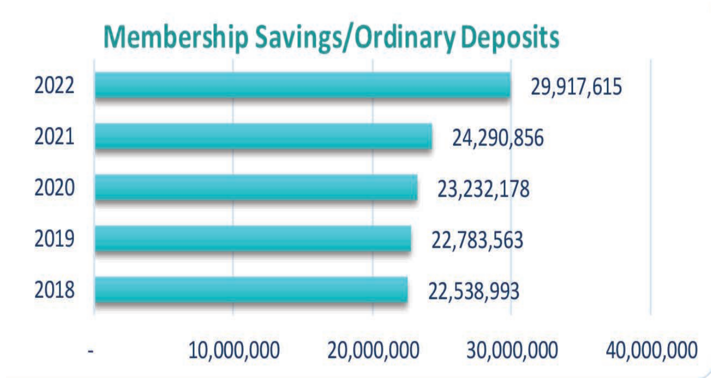
Figure 2 – Loans Portfolio



Deposits

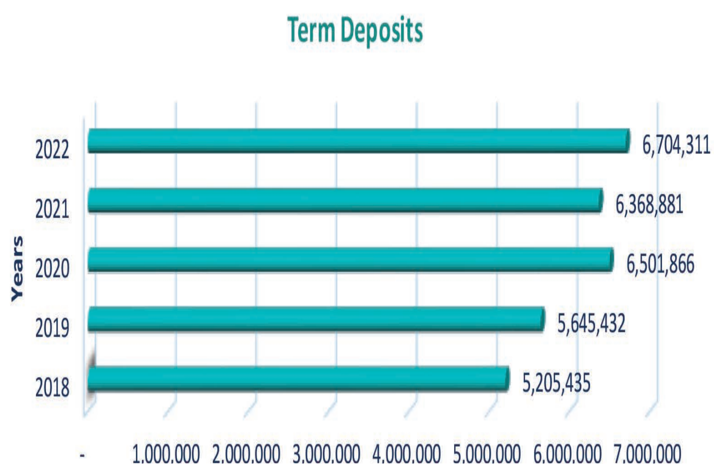
Members Savings and Deposits increased from $24,290,856 in 2021 to $29,917,615 in 2022, an increase of $5,626,759 or 23.16%. This large increase is partly due to the closure of First Caribbean International Bank (FCIB) in 2022. Many members chose to deposit this cash at the Credit Union and some people even joined the Credit Union so they could deposit their cash from FCIB. The trend in savings and deposits are depicted in figure 3.

Figure 3 – Member Savings/Ordinary Deposits



Term Deposits also increased during the year from $6,368,881 in 2021 to $6,704,311 in 2022. This represents an increase of $335,430 or 5.26%. Total interest on term deposits for the year amounted to $168,003 compared to $72,373 in 2021. Interest payable on term deposits at the end of 2022 amounted to $143,935. Figure 4 shows the increases in term deposits over the past five years.

Figure 4 – Term Deposits



Liabilities

Total Liabilities on December 31, 2022 was $38,149,890 compared to 2021 which was $32,353,361. Liabilities increased by $5,796,530 or 17.92%. The large increase in members' deposits resulted in the large increase in total deposits. Members Savings and Deposits accounts formed 78.42% of the society's total liabilities.

Members' Equity

At the end of 2022, members' equity stood at $4,415,572 compared to $3,854,505 in 2021, an increase of $561,067 or 14.55%. This can

be compared to the increase of $1,989,340 or 106.65% in 2021. The large increase in equity in 2021 was due to the revaluation surplus on the Credit Union's building on Lalay Grand Bay.

Member Share Capital

Member's shares increased from $812,812 in 2021 to $896,952 in 2022. This represents an increase of $84,140 or 10.35%. This can be compared to the growth in 2021 of 13.3%. The Board of Directors continue to place emphasis on member share capital.

Members are encouraged to help build a strong financial base for the Credit Union by purchasing more shares. These shares, which are our member contributed reserves, are what will help our Credit Union to overcome an unforeseen financial crisis. Figure 5 depicts the growth in member capital over the past five years.

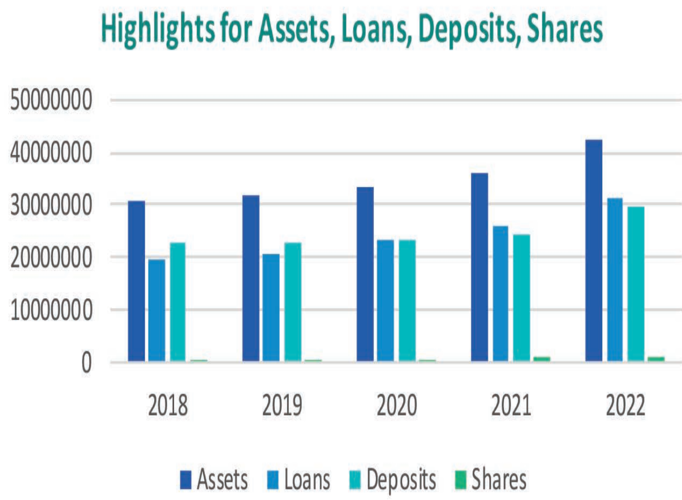
Figure 5 – Member Capital

Table 3

Financial highlights for Assets, Loans, Deposits and Shares for the period 2018-2022

	2018	2019	2020	2021	2022
Assets	$30,967,236	$31,653,589	$33,381,307	$36,207,866	$42,565,562
Loans	$19,544,046	$20,578,458	$23,346,275	$25,952,156	$31,062,783
Deposits	$22,538,993	$22,783,563	$23,232,178	$24,290,856	$29,917,615
Shares	$ 574,678	$ 637,185	$ 717,401	$ 812,812	$ 896,952

Figure 6



Summary of Financial Performance

At the end of the year 2022, the Credit Union's gross income was $2,603,654 and expenditure was $2,127,681 resulting in a surplus of $475,973 compared to the surplus of $365,795 in 2021. . Allocations were made to the statutory reserve and development fund in the amount of $95,195 and $4,760 respectively. This resulted in a net surplus of $376,018 for the year.

Delinquency

As is customary, the Credit Committee and the Loans Review Committee were very cautious when deliberating on loans so as not to cause increased delinquency. The delinquency committee was recommissioned during the year with their major role being to analyze and evaluate the current position and develop an action plan on the way forward. A major part of the action plan was to engage a consultant to develop a collection procedures manual and to commence making house to house visits for debt collection. This, however, did not materialize in the year under review and will be revisited in the coming year.

The Loan Recovery Officer engaged various measures in pursuing delinquent members with some level of success during the year. This included phone calls, WhatsApp messaging, texting, Facebook messenger, letters, face to face encounters and court action. Some loans were rescheduled to facilitate payments. No loans were written off during the year.

The Credit Union recorded a delinquency rate of 7.70% at the end of December 2022 compared to 7.37% in 2022. This represented an increase in the delinquency rate of 0.33 or 4.47%.

An increase in the delinquency rate is always cause for concern to the Board, therefore measures will be taken to ensure the safety of members' assets. We implore you members to please honor your commitments. Remember, you are borrowing from yourselves because as members of the Credit Union, you are both borrowers and lenders.

Family Indemnity Plan

During the year under review nine (9) members were enrolled in the Family Indemnity Plan. Ten (10) members who were covered under the Plan died during the year, and a total of $105,000 was paid out in claims.

On behalf of the staff and committee members, the Board extends heartfelt condolences to the families of all members who passed away during the year. May their families be comforted during their time of grief and may their souls rest in peace.

Education and Training

Education and training continue to be an essential component of the growth and development of the Credit Union. AML/CFT training was conducted by the Co-operative Societies League virtually and the Credit Union held in-house trainings for staff and volunteers.

Co-operative Societies League:

- Annual AML/CFT Training
- Volunteers Induction Training
- Office Management

Western Union:

- AML Training for Western Union Operators

Inhouse Trainings:

- AML/CFT Training refresher
- Roles & Responsibilities of the Board of Directors
- Security Training
- Loan Underwriting Training
- Emortelle Training on use of Software
- Training on use of Online Platform

Scholarships

The Germaine Jno Phillip Scholarship to the Dominica State College was awarded in 2022 to Ms. Kahanna Blanc and Ms. Chrisannie Liverpool. Two scholarships are usually granted annually to the Dominica State College, one based on merit and the other on need.

Social Responsibility

The Grand Bay Cooperative Credit Union, through its continued commitment towards improving the needs of our community would have supported several community groups and organizations during the year under review. As such the Credit Union remains committed to community development and will strive towards improving its community outreach efforts. During the year, several contributions were provided to schools, churches, organizations and community groups. Below is a listing of a few of these contributions.

- Donations to the various primary schools in the district towards prize giving ceremonies.
- Donation was made to D/ca Ass. of persons with disability
- Donation to the D/ca council of aging
- Donation to the D/ca Cancer Society
- Sponsorship of Isidore Activities and other activities in the community
- Sponsorship of Cadence

Credit Union Week

Credit Unions all over the world celebrate International Credit Union Day on the third Thursday in October annually. Credit Union Day was observed on October 20, 2022 under the theme "Empower Your Financial Future with a Credit Union".

Some of the activities organized by the office were:

- Donation to an institution of care (CHANCES)
- Breakfast for the less fortunate in the community
- Hamper for needy persons in the community
- Trivia day
- Member appreciation day
- Waiver of entrance fee and passbook fee for Credit Union Week
- Interactive session on the legality of wills and beneficiaries conducted by attorney at law Glenworth Ducreay

Outlook

The online platform was launched in 2022 and members can look forward to more services from the GBCCU in the coming year.

We are also looking to obtain a receipt printer to avoid the filling out of deposit and withdrawal slips at the counter. This should be in place by the end of 2023.

The Credit Union is working in collaboration with the primary schools in the parish to bring back the Scout troop in the community. The revamped troop will be named after the late James Alexander who was the first ever president of the Board of Directors of the Grand Bay Cooperative Credit Union Ltd and was once leader of the scout troop in Grand Bay.

Once protocols permit, we are also looking to bring back the Isidore Road Race in 2023 which has been on pause since the pandemic.

Acknowledgement

The Board of Directors thanks the Credit and Supervisory and Compliance committees for their dedication and cooperation during the past year. The Board also thanks management and staff for their service during the year.

Most importantly, the Board wishes to express sincere thanks to you our valued members and account holders for your continued loyalty and support and for affording us the opportunity to serve you during the past year.

We look forward to your continued support and urge you to take advantage of the services offered at your Credit Union and encourage everyone in the community to be part of the Grand Bay Co-operative Credit Union Ltd.

Erma C Lee

Erma Connie Lee (Mrs.)
PRESIDENT
For and on behalf of the Board of Directors

Responsibilities of The Treasurer

Mrs. Lilian Alexander Williams

Subject to such limitations and control as may be imposed by the Board, the duties of the Treasurer shall be:

a) To receive all monies due and payable to the Society and issue receipts for the same

b) To deposit all monies received in the name of the Society in such bank or depository as specified by the Board.

c) To sign all cheques, notes, bills of exchange and other documents necessary to effect the business of the Society;

d) To record all financial transactions effected by the Society in the books provided for the purpose.

e) To keep charge of all documents, books and vouchers for all payments made, and receipts issued on behalf of the Society.

f) To prepare the annual statements of account, balance sheet; monthly financial statements and other statements as the Board may request.

g) To prepare and forward to the Registrar such financial and other reports as may be required.

h) To keep separate accounts of all monies belonging to the Society

i) To produce a current statement of the Society's monies held on demand.

j) To make payments as authorized by the Board and obtain receipts for same

k) To ensure that all promissory notes, drafts, negotiable instruments drawn in favor of the Society are properly prepared; and

l) To perform such other duties pertaining to the office of Treasurer.

The Board may employ a Chief Executive Officer and Branch Managers and may authorize them or another senior employee to perform, or generally assist with any of the duties assigned to the Treasurer and Secretary, including the signing of cheques, security of all documents, receipts and management of the Society 's Financial Account.

TREASURER'S REPORT

FOR THE YEAR ENDING DECEMBER 31, 2022

Introduction

Esteemed members, I am honoured to be given the opportunity to present to you the Treasurer's Report for the year ended December 31, 2022 on the operations of your Credit Union in what has been a very challenging financial environment. The war in Ukraine continued to affect oil prices throughout the year which affected businesses including financial institutions like ours. The high level of inflation also caused many members to change their spending patterns resulting in increased delinquency as well as a decline in the demand and value of loans requested.

It gives me great pleasure to report that during the year 2022, although the lingering effects of the pandemic coupled with the effects of the war, continued to weigh heavily on the economy, the Credit Union was able to increase revenue by 11.9%. At the same time, however, the operating cost increased by 9.61% and an additional amount of $200,940 had to be set aside as provision for bad and doubtful loans.

During the year 2022, the Board of Directors continued its strategic initiatives to increase revenue. The year saw the introduction of the PRASH Loan. Formulated by one of our loan officers Mrs. Seraphin Joseph, this loan was offered to members for the funding of projects which promoted and supported resilient or sustainable lifestyles. There was a further reduction in the interest rate on savings secured loans as well as a further increase in the limit of the open-ended loan from $30,000 to $40,000 among other things. Operation of the sub-branch at Bellevue Chopin was launched in July 2022 and allowed the Credit Union to operate six (6) days per week instead of the usual five (5) days. The Credit Union also launched its online banking platform which gave members access to their accounts outside the regular workday.

The loans portfolio after provisioning for doubtful loans, increased by $5,110,627 in 2022 compared to the increase of $2,605,881 in the previous year. The large increase in the loan portfolio during the year was a result of the mortgage bundle product which members took advantage of as well as the open-ended loan product. The year also saw a marked increase in the demand for and issuance of land loans.

Assets

The Credit Union's total assets grew by $6,357,599 to $42,565,465 on December 31, 2022, up from $36,207,866 on December 31, 2021. The increase is due primarily to the increase in the loan portfolio of $5.1 million and to a lesser extent the increase in total cash of $1.2 million. Further analysis of the increase in the loan portfolio revealed that the mortgage loans had the highest increase in terms of value, increasing by $2,631,911 (16.9%) but land loans increased by the highest percentage which was 48.78% soaring from $2,094,765 in 2021 to $3,116,613 in 2022. As a major contributor to revenue, loan growth is an important benchmark that is impacted not only by our marketing efforts, but by the economy at large, interest rates, demographics, and how risky the Credit Union is willing to be when issuing loans. With inflation on the rise, we must pay close attention to the interest rates on loans as we look to the future.

Total cash increased during the year by $1,257,370 (23.28%) mainly due to the closure of FCIB First Caribbean International Bank in Dominica. Several members brought their savings across to the Credit Union as a result. This can be compared to the decrease in 2021 of $1,344,029 (19.93%). The comparative figures were $6,657,915 2022 and $5,400,545 2021.

Table 1 displays highlights of the changes in total assets during the year 2022.

Share Capital and Member Deposits

Share Capital increased by $84,140 (10.35%) up from $812,812 in 2021 to $896,952 in 2022. This increase is less than the increase of $95,412 (13.3%) in 2021. The purchase of shares is linked to the issuance of loans so anytime the demand for loans goes down the share purchase also goes down. Also, there were no share promotions held during the year 2022 which usually boost the sale of shares.

Member deposits experienced considerable growth due to the closure of First Caribbean International Bank, increasing by 23.16% or $5,626,759 moving from $24,290,856 in 2021 to $29,917,615 in 2022. The Credit Union tried its best to enhance member relationships throughout the year in order to encourage members to save and use the services offered by the Credit Union of which they are the owners.

Term Deposits also increased during the year 2022 moving from $6,368,881 in 2021 to $6,704,311 in 2022, an increase of $335,430 (5.26%).

Total Liabilities on December 31, 2022 was $38,149,891 reflecting an increase of $5,796,530 over 2021 which was $32,353,361. The high increase in liabilities for the year was a result of the large increase in member deposits.

Table 1 – Performance Indicators

Indicators	2022	2021	Increase/ Decrease	Increase/ Decrease
	(EC)	(EC)	(EC)	(%)
ASSETS				
Total Assets	**42,565,465**	**36,207,866**	**6,357,599**	**17.56**
Cash & Bank Balances	6,657,915	5,400,545	1,257,370	23.28
Originated Loans	31,062,783	25,952,156	5,110,627	19.69
FVPL/FVOCI	655,332	655,332	-	0.00
LIABILITIES				
Total Liabilities	**38,149,891**	**32,353,361**	**5,796,530**	**17.92**
Savings/Ordinary Deposits	29,917,615	24,290,856	5,626,759	23.16
Long-Term Loan	1,311,700	1,436,890	- 125,190	-8.71
EQUITY				
Total Equity	**4,415,574**	**3,854,506**	**561,068**	**14.56**
Member's Capital	896,952	812,812	84,140	10.35
Retained Earnings	879,685	503,666	376,019	74.66
INCOME				
Total Income	**2,603,654**	**2,326,642**	**277,012**	**11.91**
Interest Income	2,526,663	2,226,613	300,050	13.48
Other Income	76,991	100,029	- 23,038	-23.03
EXPENDITURE				
Operating Cost	1,236,589	1,128,129	108,460	9.61

Members' Equity on December 31, 2022 totaled $4,415,574 compared to $3,854,505 at the end of 2021, reflecting an increase of $561,068 or 14.55%. This large increase in members' equity is due to the increase in retained earnings of 74.65%, the increase in share capital of 10.35% and the increase on the statutory reserve of 12.73%.

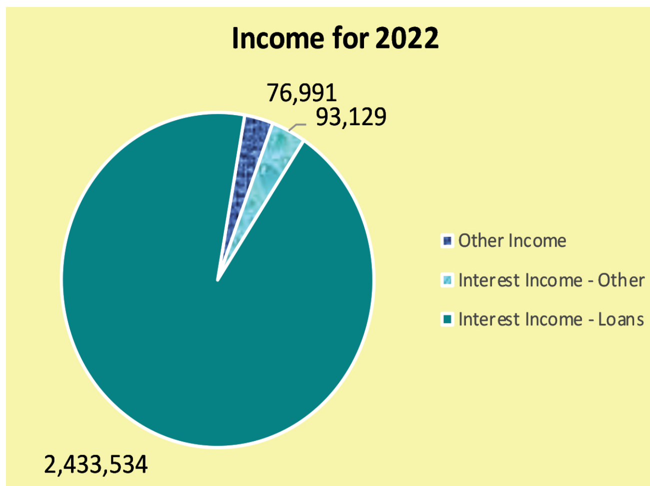
Operations

Income

Gross income for 2022 was $2,603,654 compared to the previous year's figure of $2,326,642. This reflected an increase of $277,012. Interest from loans remained the main income earner for the Society as represented in Figure 1 below.

Interest from loans amounted to $2,433,534 accounting for 93.46% of gross income. Other income for the year included commission, service charges, loan processing fees and sale of passbooks.

Figure 1. Chart Showing Income Generated in 2022.



Expenditure

Expenses incurred during 2022 totaled $2,127,681 as compared to the previous year's total of $1,960,846 reflecting an increase of $166,835 or 8.50%.

The most significant expenses for the year were personnel expenses of $593,915, Interest on Members Savings of $297,790, Interest on

Members Term Deposits of $168,003, and interest on Bank loan of $62,094. Utilities amounted to $94,225, while advertising, sponsorship and donations amounted to $118,909. Members' savings and loans insurance amounted to $65,840 for the year. The provision for Expected Credit Losses amounted to $200,940 while depreciation amounted to $166,298.

Operational results

The society realized a net surplus before appropriation of $475,973 for the Financial Year ended December 31, 2022, as compared to a surplus of $365,796 in 2021. The law requires that 20% of the net surplus be allocated to the statutory reserve. This amounted to $95,195. One percent of the surplus was also allocated to the development fund.

Net Operating Income before provisions and depreciation was **$830,828** as depicted in table 2.

Table 2 – ***Operations***

	2022 (EC$)	2021 (EC$)	Increase/ Decrease
Operating Income	2,067,417	1,811,171	256,246
Less Operating Costs	(1,236,589)	(1,128,129)	(108,460)
Net Operating Profit	**830,828**	**683,042**	**147,786**
Less Depreciation	(166,298)	(122,782)	(43,516)
Less Expected Credit Losses	(188,557)	(194,465)	5,908
Surplus/Deficit for the year	475,973	365,795	110,178

Loans Portfolio and Delinquency

The Loans Portfolio grew from $25,952,156 in 2021 to $31,062,783 in 2022. This reflected an increase of $5,110,627 or 19.69% over the previous year.

A total of 975 loans amounting to $11,084,555 were granted during the year 2022 compared to 921 loans granted in 2021 valued at $13,177,351.

The delinquency rate on December 31, 2022 was 7.70% compared to 2021 which was 7.37%.

The Board of Directors is appealing to all delinquent members to honour their commitment to the Credit Union.

Conclusion

In spite of the challenges which the year 2022 brought us, your Credit Union was able to succeed in increasing the net surplus for the year. This success was due to the commitment of the Board of Directors, the hard-working management team, and staff, and you, our valued members. The Board of Directors will continue to act in the best interests of you, the members, exploring all avenues of providing better service and bringing new products and services that will enhance your quality of life.

The immediate future and beyond promises to be very challenging, however, if we double our efforts and work together, we will succeed. I urge you to make every effort to keep your loan payments current, to save as much as you can, and to use the services offered by your Credit Union because each member is a part owner, and we can help each other to succeed.

I wish to thank you for affording me the opportunity to serve you for another year. I also wish to thank the Management and staff for their support and encouragement.

AWilliams

Lilian Alexander-Williams (Mrs.)
Treasurer
For and on behalf of the Board of Directors

AUDITOR'S REPORT

YEAR ENDED DECEMBER 31, 2022

ORLANDO ALLAN RICHARDS FCCA, CA
CHARTERED CERTIFIED ACCOUNTANT
P.O. BOX 202, PEDRO INVESTMENTS BUILDING
INDEPENDENCE STREET, ROSEAU
COMMONWEALTH OF DOMINICA
TEL: 767 448-2511/2

TO: THE MEMBERS OF GRANDBAY CO-OPERATIVE CREDIT UNION LIMITED

Opinion

I have audited the financial statements of Grandbay Co-operative Credit Union Limited (the Society), which comprise the statement of financial position as at December 31, 2022, the statement of income and appropriations, the statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements of the Society are prepared, in all material respects, in accordance with International Financial Reporting Standards (IFRS) and comply with the Co-operative Societies Act No. 2 of 2011 and the Co-operative Societies Regulations S.R.O 26 of 2001 of the laws of the Commonwealth of Dominica.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Society in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and I have fulfilled my other responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially mistated. If, based on the work I have performed, I conclude that there is a material mistatement of this other information; I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Board of the Directors for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

The Board of the Directors are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.

AUDITOR'S REPORT CONT'D

- Auditor's Responsibilities for the Audit of the Financial Statements Cont'd

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during my audit.

Roseau, Dominica

June 12, 2023

Grandbay Co-operative Credit Union Limited
Statement of Financial Position
as at December 31, 2022

	Notes	2022 $	2021 $
ASSETS			
Cash and bank balances	**5**	6,657,915	5,400,545
Financial assets at fair value through profit or loss	**6**	135,345	135,345
Financial assets at fair value through other comprehensive income	**7**	519,987	519,987
Financial assets at amortised cost	**8**	31,062,783	25,952,156
Other assets	**11**	611,624	583,822
Property plant and equipment	**12**	3,577,808	3,616,011
TOTAL ASSETS		42, 565,462	36,207,866
LIABILITIES			
Members Savings/Ordinary Deposits	**13**	29,917,615	24,290,856
Term Deposit	**14**	6,704,311	6,368,881
Accounts payable and provision	**15**	72,329	42,788
Fixed deposit interest payable		143,935	213,946
Long-Term Loan Payable	**16**	1,311,700	1,436,890
TOTAL LIABILITY		38,149,890	32,353,361
MEMBERS' EQUITY			
Share Capital	**17**	896,952	812,812
Statutory Reserve	**18**	851,386	755,237
Education Fund		1,004	1,004
Building Fund		18	18
Revaluation Surplus	**20**	1,693,039	1,693,039
Fair Value Reserve	**19**	57,975	57,975
Development Fund	**18(a)**	35,514	30,754
Retained Earnings	**19(a)**	879,684	503,666
TOTAL MEMBERS' EQUITY:		4,415,572	3,854,505
TOTAL LIABILITIES AND MEMBERS' EQUITY		42,565,462	36,207,866

The accompanying notes form an integral part of these financial statements

Approved by The Board on June 12, 2023 and signed on behalf of the Board of Directors by:

Erma C Lee
Erma Connie Lee
PRESIDENT

Lilian Alexander- Williams
TREASURER

Grandbay Co-operative Credit Union Limited
Statement of Changes in equity
For the year ended December 31, 2022

	Share Capital	Statutory Reserve	Education Fund	Building Fund	Fair Value Gain Reserve	Revaluation Surplus	Development Fund	Retained Earnings	Total
	EC$	EC$	EC$	EC$	EC$	EC$	EC$	EC$	EC$
Balance as at 31/12/20	**717,401**	**681,456**	**1,004**	**18**	**77,300**	**128,278**	**27,096**	**232,612**	**1,865,165**
Appropriation	-	73,159	-	-	-	-	3,658	-	76,817
Net surplus	-	-	-	-	-	-	-	288,978	288,978
Fair value loss	-	-	-	-	(19,325)	-	-	-	(19,325)
Receipts	95,411	-	-	-	-	-	-	-	95,411
Entrance fees	-	622	-	-	-	-	-	-	622
Dividend paid	-	-	-	-	-	-	-	(17,924)	(17,924)
Revaluation surplus	-	-	-	-	-	1,564,761	-	-	1,564,761
Balance as at 31/12/21	**812,812**	**755,237**	**1,004**	**18**	**57,975**	**1,693,039**	**30,754**	**503,666**	**3,854,505**
Revaluation surplus	-	-	-	-	-	-	-	-	-
Appropriations	-	95,195	-	-	-	-	4,760	-	99,955
Net surplus	-	-	-	-	-	-	-	376,018	376,018
Receipts	84,140	-	-	-	-	-	-	-	84,140
Entrance fee	-	954	-	-	-	-	-	-	954
Fair value reserve	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-
Balance as at 31/12/22	**896,952**	**851,386**	**1,004**	**18**	**57,975**	**1,693,039**	**35,514**	**879,684**	**4,415,572**

The accompanying notes form an integral part of these financial statements.

Grandbay Co-operative Credit Union Limited
Statement of Income and appropriation
For year ended December 31, 2022

	NOTES	2022 $	2021 $
Interest income	**22**	2,526,663	2,226,613
Interest expense	**22**	536,237	515,471
Net interest income		**1,990,426**	**1,711,142**
Other income	**23**	76,991	100,029
Operating income		**2,067,417**	**1,811,171**
Operating costs	**24**	(1,236,589)	(1,128,129)
Expected Credit Losses	**8(b)**	(188,557)	(194,465)
Depreciation	**12**	(166,298)	(122,782)
Surplus before the following		475,973	365,795
Fair value loss		-	(19,325)
Surplus before appropriation	**6(b)**	**475,973**	**346,470**
Appropriations			
Fair value reserve transfer		-	19,325
Transfer to statutory reserve (20%)		(95,195)	(73,159)
Development fund		(4,760)	(3,658)
Education Fund		-	-
Net surplus for the year		**376,018**	**288,978**

The accompanying notes form an integral part of these financial statements.

Grandbay Co-operative Credit Union Limited
Statement of cash flows
For the Year ended December 31, 2022

	2022	2021
	$	$
Cash flows from operating activities		
Surplus before appropriation	475,973	346,470
Adjustments for:		
Depreciation	166,298	122,782
Expected Credit Losses	188,557	194,465
Fair Value Loss		19,325
Cash flows before changes in operating assets and liabilities	830,828	683,042
(Increase) in financial assets at amortised costs	(5,299,184)	(2,800,346)
(Increase) in financial assets at FVOCI	-	(1,108)
(Increase)/ decrease in other assets	(27,802)	119,539
Increase in members' savings/demand deposit	5,626,759	1,058,678
Increase in term deposits	335,430	(132,985)
Increase/ (decrease) in accounts payable and provisions	29,541	4,888
Increase / (decrease) in fixed deposit interest payable	(70,011)	26,329
Net Cash from operating activities	1,425,561	(1,041,963)
Cash flow from investing activities		
Purchase of fixed assets	(128,095)	(260,484)
Net cash from investing activities	(128,095)	(260,484)
Cash flow from financing activities		
Increase in members capital (permanent shares)	84,140	95,411
Long term loan repayment	(125,190)	(119,691)
Net receipts/payments from fund/reserves/adjustment	-	-
Entrance fee	954	622
Dividend paid	-	(17,924)
Net cash from financing activities	(40,096)	(41,582)
Net (decrease)/ increase in cash	1,257,370	(1,344,029)
Cash at beginning of year	5,400,545	6,744,574
Cash and Cash Equivalent – end of year	6,657,915	5,400,545

Cash and Cash Equivalent consist of the following:	**As at 31.12.22**	**As at 31.12.21**
Cash on hand	328,521	248,486
Cash at bank	6,329,394	5,152,059
	6,657,915	5,400,545

The accompanying notes form an integral part of these financial statements.

Grandbay Co-operative Credit Union Limited
notes to the financial statements
For the Year ended December 31, 2022

1. General Information

The Grandbay Co-operative Credit Union Limited is registered under the Co-operatives Societies Act No.2 of 2011 of the Laws of the Commonwealth of Dominica.

The address of its registered offices and principal place of business of the Co-operative is as follows:

Lalay, Grandbay. A branch office was opened at Bellevue Chopin, Commonwealth of Dominica

The objectives of the Society shall be:

a) To promote thrift among its members by providing ways and means whereby savings can be effected and whereby shares in the Society can be acquired;

b) To educate its members on the co-operative principles and methods on financial management and in the efficient management of its affairs.

c) To create out of the savings of its members and other business of the Society, a source of credit available to its members on reasonable terms and conditions for provident and productive purposes.

d) To undertake all other acts and things which are incidental, conductive to, or consequential upon the attainment of the above objectives.

2. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

(i) Compliance with IFRS

The financial statements of the Society have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities, certain classes of property, plant and equipment- measured at fair value.

2. Summary of significant accounting policies cont'd

a) Basis of preparation cont'd

(iii) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Society. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

b) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

c) Financial assets and liabilities

Measurement methods

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

When the Society revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

2. Summary of significant accounting policies cont'd

c) Financial assets and liabilities cont'd

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for financial assets that have subsequently become credit impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e.net of the expected credit loss provision).

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Society becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Society commits to purchase or sell the asset.

At initial recognition, the Society measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

(a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

(b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

2. Summary of significant accounting policies cont'd

c) Financial assets and liabilities cont'd

Financial assets

(i) Classification and subsequent measurement

The Society classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on:

(i) the Society's business model for managing the asset; and

(ii) the cash flow characteristics of the asset.

Based on these factors, the Society classifies its debt instruments into one of the following three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured. Interest income from these financial assets is included in 'Interest and similar income' using the effective interest rate method.

- Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net Investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

2. Summary of significant accounting policies cont'd

c) Financial assets and liabilities cont'd

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within 'Net trading income' in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in 'Net investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Business model: the business model reflects how the Society manages the assets in order to generate cash flows. That is, whether the Society's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Society in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. For example, the Society's business model for the mortgage loan book is to hold to collect contractual cash flows.

Another example is the liquidity portfolio of assets, which is held by the Society as part of liquidity management and is generally classified within the hold to collect and sell business model. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVPL.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Society assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Society considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

2. Summary of significant accounting policies cont'd

c) Financial assets and liabilities cont'd

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Society subsequently measures all equity investments at fair value through profit or loss, except where the Society's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Society's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Society's right to receive payments is established.

Gains and losses on equity investments at FVPL are included in the 'Other Income' line in the

statement of profit or loss.

(ii) Impairment

The Society assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Society recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

- The time value of money; and

- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note 4 (a) provides more detail of how the expected credit loss allowance is measured.

2. Summary of significant accounting policies cont'd

c) Financial assets and liabilities cont'd

(iii) Modification of loans

The Society sometimes renegotiates or otherwise modifies the contractual cash flows of loans to members. When this happens, the Society assesses whether or not the new terms are substantially different to the original terms. The Society does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that
- substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Society derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred.

However, the Society also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Society recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The impact of modifications of financial assets on the expected credit loss calculation is discussed in note 4 (a).

2. Summary of significant accounting policies cont'd

c) Financial assets and liabilities cont'd

(iv) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Society transfers substantially all the risks and rewards of ownership, or (ii) the Society neither transfers nor retains substantially all the risks and rewards of ownership and the Society has not retained control.

The Society enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Society:

(i) Has no obligation to make payments unless it collects equivalent amounts from the assets;

(ii) Is prohibited from selling or pledging the assets; and

(iii) Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the Society under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Society retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Society retains a subordinated residual interest.

Financial liabilities

(i) Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss;

2. Summary of significant accounting policies cont'd

c) Financial assets and liabilities cont'd

- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Society recognises any expense incurred on the financial liability; and

- Financial guarantee contracts and loan commitments Note 2 (d).

(ii) Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Society and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

d) Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of members to secure loans, overdrafts and other banking facilities.

2. Summary of significant accounting policies cont'd

d) Financial guarantee contracts and loan commitments cont'd

Financial guarantee contracts are initially measured at fair value and subsequently measured at the

higher of:

- The amount of the loss allowance; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

Loan commitments provided by the Society are measured as the amount of the loss allowance. The Society has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Society cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

e) Functional and presentation currency

(i) Functional and Presentation Currency

Items included in the financial statements of the Society are measured using the currency of the primary economic environment in which the Society operates ('the functional currency'). The financial statements are presented in Eastern Caribbean Dollars, which is the Society's functional and presentation currency

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains / (losses).

2. Summary of significant accounting policies cont'd

e) Functional and presentation currency cont'd

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

f) Property, plant and equipment

Land and buildings are stated at valuations carried out in 1994, 1996 and 2021 with subsequent additions at cost, less subsequent depreciation for building. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Society and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation and amortization are calculated on the straight-line method to write down the cost of such assets to their residual value over their estimated useful lives as follows;

Building	2%,
Furniture fixtures and equipment	10% & 15%,
Computer Systems	25%
Motor Vehicles	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Society policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

2. Summary of significant accounting policies cont'd

f) Property, plant and equipment cont'd

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

g) Intangible assets

Costs associated with maintaining software programmes are recognised as an expense as incurred.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

h) Payables

These amounts represent liabilities for goods and services provided to the Society prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within thirty (30) days of recognition.

i) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred.

Borrowings are subsequently measured at amortised cost.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired.

2. Summary of significant accounting policies cont'd

j) Dividends

Dividends on shares are recognized in equity in the period in which they are declared.

Section 5 of the Regulations to the Co-operative Societies Act authorizes the Society to pay a dividend on its shares at a rate which is not greater than three percent above savings rate set by the Eastern Caribbean Central Bank (ECCB). As at December 31, 2022 the ECCB savings rate was two percent.

Fair value gains on investment securities available–for-sale are not considered in determining income for the distribution of dividends.

k) Revenue recognition

Interest income and expense

Interest income and expense are recognized in the income statement for all interest-bearing instruments on an accrual basis using effective interest rates. Interest income includes income on fixed investments.

When the collectability of loans becomes doubtful, they would be written down to their recoverable amounts and interest income is thereafter recognized based on the rate of interest used to discount the future cash flows for the purpose of measuring the recoverable amount.

Dividend and other income

Dividend income and other income are recognized when received.

l) Provisions

Provisions for legal claims and make good obligations are recognised when the Society has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2. Summary of significant accounting policies cont'd

l) Provisions cont'd

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

m) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The Society also has liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the Society does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

n) Taxation

The Society's income is exempt from taxation under section 25 (m) of the Income Tax Act Chapter 67: 01 of the Laws of the Commonwealth of Dominica.

2. Summary of significant accounting policies cont'd

o) Comparatives

Where necessary, comparatives figures have been adjusted to conform to changes in presentation in the current year.

p) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest EC dollar unless otherwise stated.

3. Critical accounting estimates and judgement

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Society's accounting policies.

This note provides an overview of the areas that involve a higher degree of judgement or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year. Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements.

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of members defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 4 (a), which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for

measuring ECL, such as:

- Determining criteria for significant increase in credit risk;

- Choosing appropriate models and assumptions for the measurement of ECL;

- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and

- Establishing groups of similar financial assets for the purposes of measuring ECL.

Detailed information about the judgements and estimates made by the Society in the above areas is set out in note 4 (a).

4. Financial Risk Management

This note explains the Society's exposure to financial risks and how these risks could affect the Society's future financial performance.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, debt investments and contract assets	Aging analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit Investment guidelines for debt investments
Market risk – security prices	Investments in equity securities	Sensitivity analysis	Portfolio diversification
Currency risk	Recognised financial assets and liabilities not denominated in Eastern Caribbean Dollars (XCD)	Cash flow forecasting	Strict guidelines for conducting foreign currency transactions
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

(a) Credit risk

Credit risk is the risk of suffering financial loss, should any of the Society's members, clients or market counterparties fail to fulfil their contractual obligations to the Society. Credit risk arises mainly from interbank, commercial and member loans and advances, and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, financial guarantees, letters of credit, endorsements and acceptances.

Credit risk is the single largest risk for the Society's operations; management therefore carefully manages its exposure to credit risk. The credit risk management and control are centralised in a credit risk management team which reports regularly to the Board of Directors.

Maximum exposure to credit risk

The maximum on-balance sheet and off-balance sheet exposure to credit risk at the reporting date was:

	2022 $	2021 $
On-balance sheet		
Cash and bank balances	6,329,394	5,152,059
Investments	655,332	655,332
Loans and advances to members	32,609,479	27,297,912
Other assets (receivables)	548,295	523,487
	40,142,500	**33,628,790**
Off – balance sheet Loan commitments	386,452	376,452
Total	**40,528,952**	**34,005,242**

4. Financial Risk Management cont'd

(a) Credit risk cont'd

Credit risk grading

The Society uses internal credit risk gradings that reflect its assessment of the probability of default of individual counterparties. The Society use internal rating models tailored to the various categories of counterparty. Borrower and loan specific information collected at the time of application (such as disposable income, and level of collateral for retail exposures is fed into this rating model. This allows for considerations which may not be captured as part of the other data inputs into the model. The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade.

Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Society.

- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Please refer to note for a description of how the Society determines when a significant increase in credit risk has occurred.

- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.

- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Please refer to note 4 (a) for a description of inputs, assumptions and estimation techniques used in measuring the ECL.

- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note 4 (a) includes an explanation of how the Society has incorporated this in its ECL models.

Further explanation is also provided of how the Society determines appropriate groupings when ECL is measured on a collective basis.

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4. Financial Risk Management cont'd

(a) Credit risk cont'd

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):

Change in credit quality since initial recognition

Stage 1	**Stage 2**	**Stage 3**
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

The key judgements and assumptions adopted by the Society in addressing the requirements of the standard are discussed below:

Significant increase in credit risk (SICR)

Qualitative criteria:

For the loan portfolio, if the borrower meets one or more of the following criteria:

- In short-term forbearance
- Direct debit cancellation
- Extension to the terms granted
- Previous arrears within the last [12] months

For Treasury portfolios, if the borrower meets one or more of the following criteria:

- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early signs of cashflow/liquidity problems such as delay in servicing of trade creditors/loans

The assessment of SICR incorporates forward-looking information and is performed on an annual basis at a portfolio level for all financial instruments held by the Society.

The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the independent Credit Risk team.

4. Financial Risk Management cont'd

(a) Credit risk cont'd

Definition of default and credit-impaired assets

The Society defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, when it meets one or more of the following criteria:

Quantitative criteria

The borrower is more than 90 days past due on its contractual payments

Qualitative criteria

The borrower meets the unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long-term forbearance
- The borrower is deceased
- The borrower is insolvent
- The borrower is in breach of financial covenant(s)
- An active market for that financial asset has disappeared because of financial difficulties
- Concessions have been made by the lender relating to the borrower's financial difficulty
- It is becoming probable that the borrower will enter bankruptcy
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the Society and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Group's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months. This period of six months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

4. Financial Risk Management cont'd

(a) Credit risk cont'd

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

- EAD is based on the amounts the Society expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Society includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

- Loss Given Default (LGD) represents the Society's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12 month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.

4. Financial Risk Management cont'd

(a) Credit risk cont'd

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.

- For unsecured products, LGD's are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD's are influenced by collection strategies, including contracted debt sales and price.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type.

The assumptions underlying the ECL calculation - such as how the maturity profile of the PDs and how collateral values change etc. - are monitored and reviewed on an annual basis.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Society has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Society considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Society's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

4. Financial Risk Management cont'd

(a) Credit risk cont'd

Grouping of instruments for losses measured on a collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. In performing this grouping, there must be sufficient information for the group to be statistically credible. Where sufficient information is not available internally, the Society has considered benchmarking internal/external supplementary data to use for modelling purposes. The characteristics and any supplementary data used to determine groupings are outlined below:

Retail - Groupings for collective measurement

- Loan type (e .g. Mortgage, Personal and Education, Vehicles etc.)

The following exposures are assessed individually:

Retail

- Stage 3 loans with current exposure above $100,000
- Properties in repossession proceedings

The appropriateness of groupings is monitored and reviewed on a periodic basis by the Credit Risk team.

Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

4. Financial Risk Management cont'd

Expected Credit Loss (ECL) on loans to members are summarized as follows:

	Gross Amount	ECL	Net Amount
	$	$	$
Stage 1	22,376,602	194,551	22,182,051
Stage 2	3,833,543	225,019	3,608,524
Stage 3	6,399,334	1,127,126	5,272,208
As at December 31, 2022	32,609,479	1,546,696	31,062,783

Write-off policy

The Society writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Society's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Society may write-off financial assets that are still subject to enforcement activity. The Society still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery.

Modification of financial assets

The Society sometimes modifies the terms of loans provided to members due to commercial renegotiations, or for distressed loans, with a view to maximising recovery. Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. The Society monitors the subsequent performance of modified assets. The Society may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL).

This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more.

The Society continues to monitor if there is a subsequent significant increase in credit risk in relation to such assets through the use of specific models for modified assets.

4. Financial Risk Management cont'd

(b) Liquidity risk

Liquidity risk is the risk that arises when the maturity dates of assets and liabilities do not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The Society seeks to maintain sufficient available cash and committed credit lines and borrowing facilities to meet the demands of its members. To manage and reduce liquidity risk the Society's management actively seeks to match cash inflows with liability requirements.

Maturities of financial assets and liabilities

	Up to 1 year	1 to 5 years	Over 5 years	Total
	EC$	EC$	EC$	EC$
As at December 31, 2022				
Assets				
Cash and balances	6,657,915	-	-	6,657,915
Investments	-	-	655,332	655,332
Loans and advances to members	656,652	5,505,551	26,447,276	32,609,479
Other assets	548,295	-	-	548,295
Total Financial Assets	7,862,862	5,505,551	27,102,608	40,471,021
Liabilities				
Members' savings/ordinary deposits	29,917,615	-	-	29,917,615
Term deposits	3,704,311	3,000,000		6,704,311
Bank loan	124,182	646,618	540,900	1,311,700
Other liabilities	216,264	-	-	216,264
Total Financial Liabilities	33,962,372	3,646,618	540,900	38,149,890
Liquidity gap	(26,099,510)	1,858,933	26,561,708	2,321,131
As at December 31, 2021				
Total financial assets				33,877,276
Total financial liabilities				32,353,361
Liquidity gap				1,523,915

(a) Operational Risk

Operational risk is the risk of direct loss arising from a wide variety of causes associated with the Credit Union's processes, personnel, technology and infrastructure and from external factors other than credit liquidity, market and currency risk such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

Maturities of Financial Assets and Liabilities cont'd

Operational Risk Cont'd

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Board of Directors. This responsibility is supported by the development of overall Credit Union's standards for the management of operational risk.

5. Cash and bank balances

	2022	2021
	$	$
Cash on hand	328,521	248,486
Current account	2,606,782	986,131
Savings account	3,722,612	4,165,928
	6,657,915	5,400,545

6. Financial Assets at Fair value through Profit and Loss

The Society classifies the following financial assets at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at either amortised cost (see note 8) or FVOCI (see note 7)
- equity investments that are held for trading, and
- equity investments for which the Society has not elected to recognise fair value gains and losses through OCI.

Financial assets mandatorily measured at FVPL include the following:

(a) Equity Investments

	2022	2021
	$	$
DOMLEC shares at fair value (see note 6 (b))	135,275	135,275
Shares in DUTC (cost less provision for diminution in value)	10	10
Dominica Co-operative Societies League as Trustee of share in DUTC	10	10
Roseau Co-operative Credit Union shares at cost	50	50
	135,345	135,345

(b) Fair value gain

	2022	**2021**
	$	$
Fair value gain on investment is not available for distribution		
DOMLEC shares at cost	77,300	77,300
Fair value gain of $4 per share at 31/12/2014	77,300	77,300
Fair value gain of $4.10 per share at 31/12/2015	3,865	3,865
Fair value loss of $4.00 per share at 31/12/2020	(3,865)	(3,865)
Fair value loss of $3.50 per share at 31/12/2021	(19,325)	(19,325)
38,650 shares quoted at $3.50 per share	135,275	135,275

7. Financial Assets at Fair Value through Other Comprehensive Income

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading, and which the Society has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Society considers this classification to be more relevant.

- Debt securities where the contractual cash flows are solely principal and interest and the objective of the Society's business model is achieved both by collecting contractual cash flows and selling financial assets.

Financial assets at Fair Value Through Other Comprehensive Income include the following debt and equity investments:

	2022	2021
	$	$
Equity Investments		
Shares at Dominica Co-op. Societies League Ltd.	21,000	21,000
Debt investments		
Statutory Reserve Deposit (See note 10)	446,379	446,379
Fixed deposits at League & Other Credit Unions (See note 9)	52,608	52,608
	519,987	519,987

8. Financial Assets at Amortised Cost

The Society classifies its financial assets at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at amortised cost include the following debt investments:

	2022	2021
	$	$
(a) Loans and advances to Members		
Loans to members	30,119,779	24,872,908
Loans to related parties	2,489,700	2,425,004
	32,609,479	27,297,912
Less: Allowance for Expected Credit Losses	1,546,696	1,345,756
	31,062,783	**25,952,156**

(b) Allowance for Expected Credit Losses

	2022	2021
	$	$
Provision at beginning of year	1,345,756	1,094,159
Bad debts recovered	(12,383)	(57,132)
Bad debts written off	-	-
Prior year provisioning restated	12,383	57,132
Expected credit loss recognised during the period	200,940	251,597
Closing Allowance for Expected Credit Losses	1,546,696	1,345,756

8. Financial Assets at Amortised Cost cont'd

(c) Originated Loans - Sectoral Analysis	2022 $	2021 $
Personal & education	6,124,018	5,270,430
Mortgage	18,200,559	15,568,648
Vehicle	4,249,511	3,462,089
Small business	680,213	700,955
Land	3,116,613	2,094,765
Debt consolidation	20,051	17,015
Fishing/agriculture	218,514	184,010
Total Loans	32,609,479	27,297,912

(d) Loans Approved but not Disbursed at Year End

There were four (4) loans approved but not disbursed at year end. Undisbursed value: $386,452 (2021: $376,452)

9. Fixed deposits at Other Financial Institutions

		2022 $	2021 $
Fixed deposits at league & credit union		52,608	52,608
Fixed deposit at CLICO less impairment loss		-	-
Fixed deposit at BAICO less impairment loss		-	-
	Note 7	52,608	52,608
Provision for Impairment on investment			
Fixed deposit at CLICO		1,124,085	1,124,085
Less provision for impairment loss		(1,124,085)	(1,124,085)
		-	-
Fixed deposit at BAICO		1,119,796	1,119,796
Less provision for impairment loss		(1,119,796)	(1,119,796)
		-	-

10. Statutory Reserve Deposit

		2022 $	2021 $
Demand deposit at Dominica Co-op. Societies League Ltd	Note 7	**446,379**	**446,379**

11. (a) Other assets

	2022 $	2021 $
Prepayments	43,232	46,277
Interest on reserve fund	10,936	10,936
Family indemnity plan	25,817	23,069
Inventory	20,097	14,058
Western union	230,999	225,168
Other receivables	107,325	126,441
Interest receivable (see note 11 (b))	173,218	137,873
	611,624	583,822

(b) Interest Receivable

	2022 $	2021 $
Interest receivable at beginning of year	137,873	162,478
Increase/ (Decrease) in interest receivable on impaired loans	35,345	(24,605)
Closing interest receivable (IFRS 9)	173,218	137,873

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12. Property and Equipment

COST/Valuation	Land EC$	Building EC$	Equipment EC$	Computer Systems EC$	Furniture Fixtures EC$	Motor Vehicles EC$	TOTAL EC$
Balance - beginning of year 31/12/20	157,760	1,827,655	537,823	350,298	241,321	65,430	3,180,287
Revaluation adjustments	-	1,165,945	-	-	-	-	1,165,945
Additions for the year	-	6,400	118,581	25,307	110,196	-	260,484
Balance – end of year 31/12/21	157,760	3,000,000	656,404	375,605	351,517	65,430	4,606,716
Revaluation adjustments	-	-	-	-	-	-	-
Elimination of accrued depreciation	-	-	-	-	-	-	-
Additions for the year	-	-	26,253	27,170	74,672	-	128,095
Balance – 31/12/22	157,760	3,000,000	682,657	402,775	426,189	65,430	4,734,811
Accumulated Depreciation							
Balance- - 31/12/20	-	362,263	401,136	316,028	151,238	36,074	1,266,739
Revaluation adjustment	-	(398,816)	-	-	-	-	(398,816)
Depreciation charge	-	36,553	32,627	15,520	21,726	16,356	122,782
Balance – end of year 31/12/21	-	-	433,763	331,548	172,964	52,430	990,705
Disposal adjustments	-	-	-	-	-	-	-
Depreciation charge	-	60,000	38,428	23,213	32,075	12,582	166,298
Balance – end of year 31/12/22	-	60,000	472,191	354,761	205,039	65,012	1,157,003
Net Book Value							
Beginning of year	157,760	3,000,000	222,641	44,057	178,553	13,000	3,616,011
End of year	157,760	2,940,000	210,466	48,014	221,150	418	3,577,808

The building was revalued in November 2021. See note 20.

13. Members Savings/Ordinary Deposits

	2022 $	2021 $
Members Savings	23,880,274	19,503,933
Ordinary Deposits	6,037,341	4,786,923
	29,917,615	24,290,856

Members' savings formerly called "members shares" are now recorded as a liability in accordance with International Financial Reporting Standards (IFRS).

14. Term Deposits

	2022 $	2021 $
Interest bearing fixed deposit at rates in range 2.25% to 3.25%	6,704,311	6,368,881

15. Accounts Payable and Provisions

	2022 $	2021 $
Staff Gratuity	18,455	8,871
Annual General Meeting	15,000	15,000
Audit Fees payable	10,000	7,250
Other payables	28,874	11,667
	72,329	42,788

16. Long Term Loan

	2022 $	2021 $
National Bank of Dominica Term Loan		
Long-term portion	1,180,200	1,276,890
Current portion	131,500	160,000
	1,311,700	1,436,890

A 4.5% p.a. loan repayable by monthly instalments of blended principal and interest of $15,707 over a 180 months period. Security for the loan is property at Lalay, Grandbay, and cash collateral of EC$427,000.

17. Share Capital (Members' permanent shares)

Issued and fully paid shares of $50 (par value) each	**2022** $	**2021** $
Beginning of year	812,812	717,401
Issued during the year (net)	84,140	95,411
End of year	896,952	812,812

The liability of each member is limited to the paid-up shares.

Shares may with the consent of the Board of Directors, but not otherwise, be transferred from one member to another. Such transfers shall be in writing in such form as the Commissioner may approve and shall be subject to payment by the transferor and transferee of such fee for each transfer as the Board of Directors may prescribe. The Board of Directors, may, in its absolute discretion, purchase shares from a member in case of hardship.

18. Statutory Reserve

The Co-operative Societies Act. No 2 of 2011 Section 125 (4) stipulates that a society shall credit no less than 20% of its net surplus to a reserve; and such Reserve Fund, subject to the approval of the Commissioner, may be used in the business of the Society, for the purpose of an exceptional nature including unforeseen losses, unexpected shortfalls in liquid cash, capital retention, repair and maintenance and the avoidance of external borrowing.

	2022 $	**2021** $
Movements during the year were as follows:		
Balance - beginning of year	755,237	681,456
Add: Entrance Fee	954	622
Add: Adjustments	-	-
Appropriation from surplus	95,195	73,159
	851,386	755,237

18a. Development Fund

Beginning of the year	30,754	27,096
Add: Adjustments	-	-
Appropriation from surplus	4,760	3,658
	35,514	30,754

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19. Fair Value Reserve

	2022 $	2021 $
Balance beginning of year	57,975	77,300
Fair value loss	-	(19,325)
Balance end of year	**57,975**	**57,975**

19a. Retained Earnings

Balance beginning of year	503,666	232,612
Dividends paid	-	(17,924)
(Deficit)/surplus for the year	376,018	288,978
Adjustment – Prior year	-	-
Balance – end of year	879,684	503,666

20. Revaluation Surplus

	Lands (Buildings) EC$	Buildings (Offices) EC$	TOTAL EC$
Balance January 1, 2021	93,973	34,305	128,278
Changes	-	1,564,761	1,564,761
Balance December 31, 2021	93,973	1,599,066	1,693,039
Balance January 1, 2022	93,973	1,599,066	1,693,039
Changes	-	-	-
Balance December 31, 2022	93,973	1,599,066	1,693,039

21. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party by making financial and operational decisions.

	2022	2021
	$	$
Interest income with related parties were as follows:		
Directors	61,130	75,630
Committee Members	41,811	34,595
Staff	77,374	74,942
	180,315	185,167

As December 31, 2022 related parties had the following balances with the Credit Union:

	2022		2021	
	Loans	Savings/ Deposits	Loans	Savings/ Deposits
Directors	895,733	239,312	1,304,386	197,624
Committee Members	623,604	161,263	404,151	88,307
Staff	970,363	268,116	716,467	206,182
	2,489,700	668,691	2,425,004	492,113

22. Net Interest and Investment Income

	2022	2021
	$	$
Income from loans	2,433,534	2,118,558
Income from savings account	82,193	96,012
Income from liquid investment and fixed deposits	-	1,107
Interest on statutory reserve invested at League	10,936	10,936
	2,526,663	2,226,613
Interest Expense		
Interest on members' savings	297,790	263,356
Interest paid to banks (bank charges, etc)	8,350	12,149
Interest on term deposits	168,003	172,373
Interest on external loans	62,094	67,593
	536,237	515,471
Net Interest Income	1,990,426	1,711,142

Grandbay Co-operative Credit Union Limited
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23. Other Income

	2022 $	2021 $
Commission income	13,441	12,799
Services charges	8,353	12,462
Loan processing fees	25,640	25,190
Sale of passbooks	3,843	3,871
Dividends from other investments	6,327	8,119
A.T.M Rental	-	1,800
Other income	19,387	35,788
	76,991	100,029

24. Operating Costs

	2022 $	2021 $
Employees benefit expenses (see note 24)	593,915	512,057
Government (Bond & Committee Expense and honoraria)	43,062	57,505
Members' Interest & Protection	65,840	77,490
Annual general meeting	16,271	27,457
Audit fee	11,555	9,893
League fee	28,027	28,027
Building, public liability and Infidelity insurance	35,842	20,576
Building and computer repairs and maintenance	73,516	81,535
Utilities	94,225	77,813
Stationary, postage and office expenses	47,742	66,458
Advertising, publicity, donations & sponsorship	118,909	96,286
Professional fees	5,411	13,582
Security services	81,114	45,967
Other expenses (topup)	11,000	-
Education and training	10,160	13,483
	1,236,589	1,128,129

24. Personnel Expenses

	2022	2021
Salaries	464,241	472,093
Social Security contribution	35,203	34,029
Travel allowances	-	600
Gratuity for contractual workers	52,950	-
Gratuity payable	28,184	-
Employers' liability insurance	5,021	4,735
Uniform allowance	8,316	600
	593,915	512,057

Members of The Credit Committee

Mrs. Harolda Henry-Riley	Chairperson
Mrs. Shirmanda T. Anselm-Honore	Secretary
Ms. Vinetta Benoit	Member
Mrs. Lillishire Casimir-Leblanc	Member
Mr. Osmund Lavinier	Member

What the Credit Committee is all about

Purpose

To ensure:

That loans made to members will benefit borrowing members.
That such loans can be repaid within stipulated repayment periods; and
That the loan portfolio of the Credit Union is properly supervised.

Composition

Five members elected annually at the Annual General Meeting.

Roles and responsibilities:

- To review, analyse and decide on applications for loans.
- To grant loans in accordance with the policies established by the Board.
- To consider and decide on proposals from members for variation of terms previously approved on loans.
- Review internal credit demand and supply as well as external forces within the wider financial sector and make recommendations to the Board for adjustments to existing loan policy.
- To report to the Board monthly on credit matters and emerging credit trends in the financial sector affecting the Credit Union.
- Review loans approved internally to ensure that they comply with policy and that documentation and securities were in order.
- In order to remain current in emerging trends in credit assessment, credit approval and credit management, the committee must attend seminars/workshops/retreats regularly.

Qualifications:

A member who:

- Is not a paid employee of the Credit Union.
- Is prepared to work harmoniously in groups.
- Have strong credit and collateral assessment skills.
- Is able to keep confidential information obtained by virtue of his/her office.
- Can volunteer time to meet at least weekly for considering loan applications from members.
- Is not delinquent on loan payments; and
    I. Other requirements set out by the cooperative societies act 2 of 2011.

Report of The Credit Committee
For The Year Ended December 31, 2022

Introduction

In accordance with the Co-operative Societies Act No. 2 of 2011, it is with great pleasure that the members of the Credit Committee present this report to the 38th Annual General Meeting of the Grand Bay Co-operative Credit Union Ltd for the year ended December 31, 2022.

At the 37th Annual General Meeting, held on April 24, 2022 at the Pierre Charles Secondary School auditorium in Grand Bay, Ms. Jessica Pacquette completed her second term and Mrs. Lillishire Casimir Leblanc was elected to serve on the Credit Committee.

At the first meeting of the committee held on April 28, 2022, Mrs. Harolda Henry-Riley was once again selected chairperson and Mrs. Shirmanda Honore was selected secretary.

The composition of the Committee as of December 31, 2022read as follows:

- Mrs.Harolda Henry-Riley — Chairperson
- Mrs.Shirmanda Anselm-Honore — Secretary
- Ms. Vinetta Benoit — Member
- Mr. Osmund Lavinier — Member
- Mrs. Lillishire Leblanc — Member

Meetings

The Credit Committee continued to meet every other week or as required to review and make decisions on loan applications. The committee also attended joint committee meetings when required. A total of twenty (20) regular meetings were held in 2022, compared to eighteen (18) the previous year 2021. The team reviewed loan applications for approval as well as loans approved internally by the loan officers to ensure that they were done in accordance with the loan policy. We also reviewed the loan policy when we met for the regular meetings since amendments needed to be made to the policy due to the changing credit trends. Similarly, we reviewed our delinquency policy and discussed the Society's operations and made suggestions aimed at improving personnel and services offered by the Society as a whole.

Attendances

Table 1

Names	Loan Review Meetings Called	Loan Review Meetings Attended	Absent/ Excused
Harolda Henry-Riley	20	19	1
Shirmanda Anselm-Honore	20	17	3
Jessica Pacquette	6	6	-
Vinetta Benoit	20	17	3
Osmund Lavinier	20	17	3
Lillishire Leblanc	14	13	1

Overview:

The primary responsibility of the Committee was to approve loans based on the policy of the Society, bearing in mind the members' needs. Throughout the year the Committee took its responsibility seriously considering the ever-changing lending environment and extensive competition from the other lending institutions as well as the present economic condition of the island. We did our best to deal with growing delinquency and worked hard to prevent it from increasing further. Notwithstanding, loans granted in 2022 decreased by $2,092,795 or 15.88% compared to the increase of$5,576,338 or 73.36%in 2021.The loans portfolio grew during the year by $5,311,567.

Loans Analysis

For the period 2022 a total of nine hundred and seventy-five (975) loans valued at $11,084,556 were approved and disbursed, an increase over the previous year, which saw a total of nine hundred and twenty-one (921) loans being granted. When compared to 2021 in which a value of $13,177,351 loans was granted, a decrease in value of $2,092,795 was observed. Though the value of loans granted in 2022 decreased significantly, there was an increase of fifty-four (54) in the number of loans granted. The country's financial situation has forced many members to change their lifestyle and calculate every dollar they are able to spend. Hence there has been a decrease in the value of loans granted during the year.

In spite of the aforementioned, income from loans grew by 14.86% or $314,976. The Credit Union launched its new loan product the 'PRASH (Promoting Resilient And Sustainable Habits) loan' during the year which is aimed at encouraging members to be more resilient.

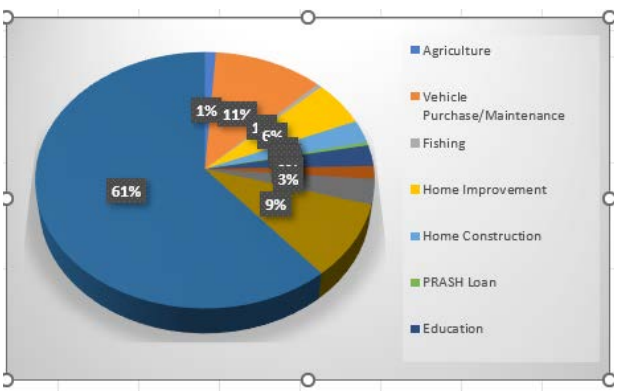
Vehicle purchase/maintenance loans and personal expense loans continue to dominate the type of loans requested by members*. (See tables 2 and 3 below for a clearer picture)*

Table 2

Loans Granted in 2022 vs 2021

Category	2022			2021		
	No.	Value $	%	No.	Value $	%
Agriculture	11	35,952	0.32	8	72,740	0.48
Vehicle Purchase/Maintenance	111	1,687,772	15.23	103	1,750,102	24.2
Fishing	5	75,800	0.68	6	58,975	0.49
Home Improvement	55	578,648	5.22	64	884,568	9.16
Home Construction	28	4,613,581	41.62	33	7,278,153	24.15
PRASH Loan	4	115,500	1.04	0	-	0
Education	26	208,675	1.88	30	391,439	1.91
Land Purchase	16	1,707,390	15.40	13	592,170	10.49
Professional/ Distributed Trade	31	221,280	2.00	34	296,699	5.62
Purchase of Durable Goods	92	462,065	4.17	79	430,639	6.2
Other (Provident/ Personal Loans)	596	1,377,892	12.43	551	1,421,866	17.3
Total	**975**	**11,084,555**	**100**	**921**	**13,177,351**	**100**

Loans Granted for Financial Year 2022



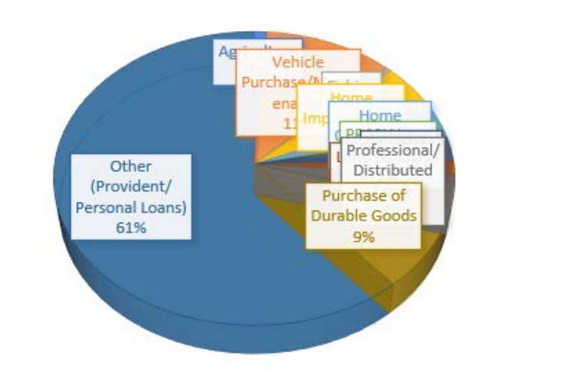


Table 3
The Loan Portfolio by Sector

Loan Category	2022 (EC$)	2021 (EC$)	Increase/ (Decrease) (EC$)	%
Personal & Education	6,124,018	5,270,430	853,588	16.20
Housing	18,200,559	15,568,648	2,631,911	16.91
Vehicles	4,249,511	3,462,089	787,422	22.74
Small Business	680,213	700,955	(20,742)	-2.96
Land	3,116,613	2,094,765	1,021,848	48.78
Debt Consolidation	20,051	17,015	3,036	17.84
Fishing/Agriculture	218,514	184,010	34,504	18.75

Other Activities:

Principle Five of the Cooperative Principles affords volunteers the opportunity to develop themselves and improve the quality of service they render to the Society. Committee members attended the annual AML/CFT training organized by the Dominica Co-operative Societies League Limited. Not many trainings were organized during the year under review and therefore limited trainings were attended. The committee participated in Credit Union Week activities, strategic planning sessions and policy review.

Delinquency:

The delinquency rate as of December 31, 2022 was 7.70% as compared to 7.37% the previous year. This is not a significant change but any increase in delinquency is cause for concern. We are aware that the rate is above the Pearls required standard of 5% and as a committee we have been aiming to keep delinquency below the Pearls standard, but the economic outlook of the country is and has been a challenging one. The unusually high level of inflation is really a cause for concern, and we expect this to affect members' ability to meet their obligations even into the new year.

The response to heightened delinquency should be to tighten our credit criterion, improve our methods of collection or increase our legal activities. The challenge is that these methods are only enforced after delinquency gets out of control. Moving forward, the Credit Committee will seek to explore a more comprehensive approach to 'Credit Risk Management' that will enhance our ability to identify credit problems earlier and respond more proactively to minimize the credit impact of an economic downturn.

Delinquency is not a friend of the Credit Union or the member. Once a member has become delinquent and indicates his or her inability to repay, the credit committee recommends that management re-evaluate the member's financial standings and restructure the loans to become more affordable to the member. Remember that the Credit Union is ours to build, because as members we are both lenders and borrowers. You must never ignore your obligations to the Credit Union, we are here to serve you.

Recommendations:

The Committee can't help but reiterate the need for members to keep informed about the environment in which we must operate. We encourage members to attend the training sessions offered by the Credit Union. We are disheartened by the lack of participation of members when we have education sessions. It is our responsibility to offer training but when you do not attend it becomes a waste of resources. We also encourage you to ask questions and do not just assume. Things are never just what they appear to be. In order to take advantage of the services offered by the Credit Union, you must know what is being offered. Visit our Facebook page, our website, take a flier or brochure to read when you visit the office. Do not just ignore everything. Let's encourage each other to value this home-grown institution for its viability, sustainability, and longevity.

Conclusion:

The Credit Committee is especially grateful to both the past and current members of the Credit Committee. As chairperson of the Committee for the fourth consecutive year, I must thank my team of hardworking women and more recently one gentleman for their support and relentless efforts throughout the years. The Credit Committee is one of the main arteries to the heart of the Credit Union and therefore we, the members of the committee, pledge to continue the business of this cooperative without fear or favour.

We sincerely thank the Board of Directors, members of the Supervisory and Compliance Committees, the General Manager, Branch Supervisor, Loan Officers, and other members of staff for their cooperation during the year, for without them our task would be a most difficult one. We also extend a special thank you to the general membership for the opportunity to serve you.

The Credit Committee's business is to oversee the Loans Portfolio of the Credit Union. We therefore wish to advise members to carefully consider their needs versus wants and be astute in their borrowing. Until the delinquency rate reaches 0%, we will continue to emphasize the importance of a responsible attitude, demonstrated through honesty and trust when applying for loans. Honesty is and will always be the best policy.

"Grand Bay Credit Union is ours; if we do not develop and safeguard it, we will lose it"

HAROLDA HENRY-RILEY
CHAIRPERSON
For and on behalf of the Credit Committee

Members of the Supervisory Committee

Mr. Doctrove Peter	Chairperson
Mrs. Melena Fontaine	Secretary
Ms. Lisa Laviner	Member
Ms. Nerrisha Daniel	Member
Aaron Gregoire	Member

What the Supervisory Committee is All About

Purpose

To serve as Internal Auditors of the Credit Union

Composition

Five (5) members are elected annually at each Annual General Meeting. These members cannot serve on any other Committee while serving on the Supervisory Committee. A maximum of two consecutive terms (3 years) may be served by a member of this Committee.

Roles and Responsibilities

- examine the books of the Society at least twice per year.
- scrutinize and appraise the policies and operating procedures and, wherever necessary, to make recommendations to the Board and the Credit Committee
- confirm the cash instruments, property, and securities of the Society.
- confirm the shares, deposits and other balances or holdings of members.
- monitor the management of the Society.
- When necessary, assign work to the internal auditor.
- liaise with the external auditor.
- audit the functions of management and staff.
- audit the asset, liability management and liquidity of the Society.
- pay particular attention to the risk management of the Society.
- verify the assets of the Society and monitor whether the assets are properly protected.
- receive and investigate any complaints made by any members affecting the proper management of the Society.
- at least once a year cause a random sample of the pass books and accounts of members to be verified with the records of the Society.
- ensure that all advances, loans, deposits, and other transactions involving Directors, Committee members and employees are in keeping with the Act, Regulations, By-Laws and Policies of the Society; and
- comply with all other functions, duties or tasks provided for under the Act.

Qualifications

A member who:

- Is over 18years old and not a paid employee of the Credit Union
- Is prepared to work harmoniously in groups.
- Has knowledge of the by-laws and the Co-operative Societies Act
- Is able to keep confidential information obtained by virtue of his/her office.
- Can analyze policy statements and advise thereon.

Report of The Supervisory & Compliance Committee

For The Year Ended December 31, 2022

Introduction

The Supervisory and Compliance Committee is pleased to report on its activities for the year ended December 31, 2022 to the 38th Annual General Meeting of the Grand Bay Cooperative Credit Union Ltd. The committee oversees the work of the Board of Directors, the Compliance Officer, the Credit Committee, and the general governance of the Credit Union.

Pursuant to Section 66 of the Co-operative Societies Act No 2 of 2011, regulations, by-laws, and policies of the Grand Bay Co-operative Credit Union Ltd, the Supervisory and Compliance Committee is pleased to report that the activities carried out by the Grand Bay Co-operative Credit Union Ltd during the year 2022 was managed in compliance with the above-mentioned laws.

Composition of the Committee

At the last Annual General Meeting held on April 24, 2022, the 2nd term of Ms. Patricia Noel expired, and Ms. Lisa Lavinier was elected to serve. Ms. Nerrisha Daniel was also elected to serve at the last AGM to become the 5th member of the committee.Therefore, with the new composition, Volunteers serving on the committee as of December 31, 2022, were as follows:

Mr. Doctrove Peter	Chairman
Ms. Lisa Lavinier	Deputy Chairperson
Mrs. Melena Fontaine	Secretary
Ms. Nerrisha Daniel	Assistant Secretary
Mr. Aaron Gregoire	Member

The year under review continued to be very challenging for the Supervisory and Compliance Committee considering the current economic environment in which we now operate. Several meetings were scheduled and could not take place because of a lack of quorum due to clashing commitments of members and a leave of absence by one of the committee members Mr. Aaron Gregoire who travelled for a few months. Nonetheless, the committee had eight (8) regular meetings during the year to examine the operations of the institution and attended several joint committee meetings to discuss the operations of the Credit Union.

Mr. Aaron Gregoire went out of state and did not return and was asked to submit a letter of resignation. Mr. Vincent Gregoire attended one meeting for the year prior to the AGM and was unable to serve afterwards.

Table 1 summarizes the record of attendance of committee members at the meetings held during the year.

Table 1

Committee Members	Meetings Called	Meetings Attended	Meetings Exc/Abs
Mr. Doctrove Peter	8	8	0
Mrs. Melena Fontaine	8	8	0
Mr. Aaron Gregoire	8	2	Out of state
Ms. Patricia Noel	2	1	1
Mr. Vincent Gregoire	2	1	1
Ms. Lisa Lavinier	6	6	0
Ms. Nerrisha Daniel	6	6	0

The scope of work undertaken by the committee during the year included but was not limited to the following:

Examination of Board of Directors minutes book
Examination of Credit Committee minutes book
Examination of receipts and payment vouchers
Examination of loan reports and loan files
Examination of delinquent loan reports/files
Examination of staff attendance record log
Review of reports of Credit Committee
Review of loan applications
Review of monthly financial statements
Review of Credit Control Officer's reports
Review of Compliance Officer's reports
Review of Manager's Reports
Review of volunteer's loan files
Review of staff personal files as well as staff loan files
Conducted cash counts including end of year cash count.

The committee was satisfied with the outcome of the examinations and reviews conducted and made recommendations on ways to enhance the operations at the Society where necessary.

Cash Counts

During the year under review, a limited number of cash counts at both the main location at Lalay Grand Bay and the Bellevue Chopin location were conducted. The Committee is pleased to report that there were no inconsistencies with cash held at the Society. Also, as stipulated by the Co-operative Societies Act No 2 of 2011, the end of year cash count was conducted jointly with the external auditor and the Treasurer. No irregularities were discovered during the cash counts.

Training and other activities

The committee members, individually or as a group attended the following training or collaborative meetings:

Dominica Cooperative Societies League Limited (DCSLL) training on Delinquency Management.
Grand Bay Cooperative Credit Union loan underwriting training
Meeting with Financial Services Unit (FSU) in collaboration with the Dominica Cooperative Societies League Limited (DCSLL). The focus was on Credit Union Volunteers Induction Training: Supervisory and Compliance Committee
Joint committee meetings held to discuss matters pertinent to the development of the Credit Union including development of job descriptions, lending policy, revised Credit Union Harmonized By-Laws.

Outlook

We continue to learn lessons from the COVID-19 pandemic and the many other crisis situations currently affecting our world and the resulting economic aftermath which is causing significant hardship down to the individual level. One of them is to ensure that our members have access to key services in times of crisis. The Credit Union has taken several steps to improve the delivery of services, embrace the use of technology and to safeguard the finances of its members. The Supervisory and Compliance Committee is committed to upholding its responsibilities to ensure compliance at all levels of operation and in keeping with the policies and legislation that governs the function of the Grand Bay Cooperative Credit Union Ltd.

Conclusion

The role of the Supervisory and Compliance Committee is fundamental to the successful operation of the Society, and as such, it requires individuals who are dedicated. I take this opportunity to thank the committee members for their dedication and service. Bearing this in mind we deeply sense the obligation of this position to which we have been appointed and we shall regard it a duty and privilege to advance the policies with the greatest vigor we possess. With the help of God and the cooperation of the members of this great fraternity we shall devote ourselves unswervingly toward the attainment of the society's objectives.

We look forward to serving you the members for yet another year, as we strive to excel in the execution of our duties. Thank you for your support and the opportunity to serve.

Additionally, the committee thanks the Board of Directors, Credit Committee, members of staff and sub committees of the Grand Bay Co-operative Credit Union Ltd for their support and commitment during the year. We encourage you to remain committed to the Society.

Let us all collaborate with the view of building a stronger and more competitive Credit Union.

Doctrove Peter (**Mr.**)
Chairman
For and on behalf of the Supervisory & Compliance Committee.

Report of The Nominations Committee
For The Year Ended December 31, 2022

In accordance with the By-Laws of the Grand Bay Cooperative Credit Union Ltd, the Board of Directors appointed this Nominating Committee.

The committee comprised of the following members:

Ms. Lisa Lavinier	Chairperson
Mr. Julius Athanaze	member
Mrs. Shirmanda Anselm Honore	member
Ms. Shakina Dorival	member

The nominations process officially started at the beginning of the year with management and staff as well as the current volunteers engaging members to receive a commitment from them to serve on the various committees. Then later on in the year a publication of the “Call to Serve” was placed on the Credit Union’s social media page. Sixteen (16) nominations were received from members offering themselves to serve on the various committees, however, there were only six (6) vacant positions. At a meeting held on Monday June 12, 2023, the Committee selected members suitably qualified to serve in accordance with sections 53, 59, 65 and 73 of the Cooperative Societies Act 2 of 2011 and Section 11 (2) of the regulations.

The committee took the necessary steps to ensure the nominees presented satisfy the requirements for election, as per the Credit Union’s By-Laws and therefore recommends to the membership the following:

BOARD OF DIRECTORS

NAME	TERM	EXPIRATION DATE	STATUS	NOMINEES
Ms. Naomi Matthew	1st	2025	resigned	John Roach
Mr. Ernie Boland	1st	2024	resigned	Nella Jules
Mr. Bonti Liverpool	2nd	2024		
Mrs. Lilian Alexander-Williams	2nd	2025		
Mr. Julius Athanaze	2nd	2024		
Ms. Natasha Registe	2nd	2025		
Mrs. Erma Connie Lee	2nd	2025		
Mr. Crispin Jules	2nd	2025		
Ms. Shakina Dorival	2nd	2023	2nd term ended	Donette Rock-Hector

SUPERVISORY AND COMPLIANCE COMMITTEE

NAME	TERM	EXPIRATION DATE	STATUS	NOMINEES
Mrs. Melena Fontaine	1st	2024		
Mr. Doctrove Peter	2nd	2024		
Ms. Lisa Lavinier	1st	2025		
Ms. Nerrisha Daniel	1st	2025		
Mr. Aaron Gregoire	1st	2023	resigned	Phiona Samuel

CREDIT COMMITTEE

NAME	TERM	EXPIRATION DATE	STATUS	NOMINEES
Mrs. Lilishire Casimir-Leblanc	1st	2025		
Mrs. Harolda Henry -Riley	2nd	2024		
Ms. Vinetta Benoit	2nd	2025		
Mrs. Shirmanda Anselm-Honore	2nd	2023	term ended	Jovan Lewis
Mr. Osmund Lavinier	1st	2024	resigned	Frances Moses

The nominations committee thanks the Board of Directors for its support and for its confidence and trust in our ability to complete this task. The committee also expresses its gratitude to members for their willingness and dedication by making themselves available as volunteers for service to our Credit Union. Special thanks also to the management and staff for their professionalism and dedication.

Lavinier

Lisa Lavinier
Chairperson
Nominations Committee

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